

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

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## EXHIBITS

<b>Exhibit WRF-1:</b>	<b>Curriculum Vitae</b>
<b>Exhibit WRF-2:</b>	<b>FTC Alternative Regulation Plan</b>
<b>Exhibit WRF-3:</b>	<b>Cited Portions of FTC's 2007 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-4:</b>	<b>FTC Winter 2007 Newsletter</b>
<b>Exhibit WRF-5:</b>	<b>FTC Winter 2008 Newsletter</b>
<b>Exhibit WRF-6:</b>	<b>Cited Portions of FTC's 2003 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-7:</b>	<b>Cited Portions of FTC's 2004 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-8:</b>	<b>Cited Portions of FTC's 2005 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-9:</b>	<b>Cited Portions of FTC's 2006 Telecommunications Company Annual Report</b>

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE RECORD.**

A. My name is Warren R. Fischer. I currently serve as Chief Financial Officer for QSI Consulting, Inc. ("QSI"). My business address is 2500 Cherry Creek Drive South, Suite 319, Denver, Colorado 80209.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I have a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Colorado in Boulder, Colorado. I am licensed as a Certified Public Accountant in the States of Colorado and California.

**Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL EXPERIENCE**

A. After graduating from the University of Colorado, I worked for several years as an accountant with Deloitte & Touche conducting financial audits. Thereafter, I worked for two major corporations as a financial analyst. I joined AT&T Wireless Services in 1995 as a financial analyst where I managed the preparation of annual revenue forecasts for the company's cellular division. In 1996, I transferred to AT&T Corp. where I became a financial manager and a subject matter expert on pricing and costing issues involving local exchange and exchange access services. In 2000, I joined QSI as a Senior Consultant. In 2007, I became QSI's Chief Financial Officer.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR OTHER PUBLIC UTILITY COMMISSIONS?**

1       A.     While I have not testified before the Public Service Commission of South Carolina  
2             ("Commission"), I have testified at the FCC and before 18 other state commissions  
3             on rate of return issues as well as pro-competitive regulatory reform issues  
4             concerning universal service, inter-carrier compensation, and appropriate cost-based  
5             rates under the FCC's Total Element Long-Run Incremental Cost ("TELRIC")  
6             methodology. A more detailed description of the cases wherein I have provided  
7             testimony is included in my curriculum vitae as Exhibit WRF-1.

8       **Q.     ON WHOSE BEHALF ARE YOU FILING THIS TESTIMONY?**

9       A.     I am testifying on behalf of the Time Warner Cable Information Services (South  
10            Carolina) LLC ("TWCIS").

11  
12       **II.    PURPOSE OF TESTIMONY**

13       **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14       A.     The purpose of my testimony is to demonstrate that the availability of affordable  
15             basic local exchange rates in Farmers Telephone Cooperative, Inc's ("FTC") service  
16             area is not at risk and that FTC is financially strong enough to withstand competition  
17             from TWCIS. While a local exchange carrier's ("LEC") financial health is not (and  
18             should not be) an explicit consideration in the Commission's evaluation of TWCIS'  
19             application under S.C. Code §58-9-280, I have nevertheless considered that issue in  
20             evaluating whether TWCIS' provision of service (1) will not adversely impact the  
21             availability of affordable local exchange service<sup>1</sup> and (2) will not otherwise

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<sup>1</sup> See S.C. Code §58-9-280(B)(3).

1 adversely impact the public interest.<sup>2</sup> The other factors stated in § 58-9-280 that are  
2 relevant to the Commission's determination in this proceeding are addressed in detail  
3 by the testimonies of August Ankum, Ph.D. and Julie Laine.

4 My testimony will describe the restriction on FTC's ability to raise basic  
5 local exchange rates under the terms of the alternative regulation requirements of  
6 §58-9-576 and demonstrate that FTC is a financially strong company through  
7 analysis of its financial results over the period 2003 - 2007. Dr. Ankum discusses  
8 general economic policy issues associated with TWCIS' application as well as the  
9 numerous services offered by FTC that will allow it to continue operating as a strong  
10 company after competitive entry by TWCIS into its market.

11  
12 **III. TWCIS' ENTRY WILL NOT ADVERSELY AFFECT THE**  
13 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**  
14 **SERVICE**

15 **Q. WHAT IS YOUR UNDERSTANDING OF THE ALTERNATIVE**  
16 **REGULATION PROVISIONS OF SOUTH CAROLINA CODE §58-9-576**  
17 **THAT IMPACT AN RLEC'S RATES?**

18 A. A rural local exchange carrier ("RLEC") such as FTC that elects to have the rates,  
19 terms, and conditions for its services determined pursuant to §58-9-576(B) is subject  
20 to the following terms and conditions on the rates it can charge for basic local  
21 exchange and all other services:

---

<sup>2</sup> See S.C. Code §58-9-280(B)(5).

- 1           1. Residential flat-rated local exchange service and single-line business local  
2           exchange service rates in effect on the date of the LEC's election to be subject to  
3           alternative regulation are the maximum rates it can charge for those services  
4           unless those rates are less than the statewide average local service rate, weighted  
5           by the number of access lines. For small LECs whose prices are less than the  
6           statewide average rate, the Commission may waive the cap on local service rates  
7           until the LEC's residential flat-rated local exchange service rate equals the  
8           statewide average local residential service rate, weighted by the number of access  
9           lines, and the single-line business flat-rated local exchange service rate equals  
10          two times the statewide average local residential service rate.<sup>3</sup>  
11
- 12          2. LECs subject to the local exchange service rate cap may adjust rates for  
13          residential flat-rate local exchange service and single-line business flat-rate local  
14          exchange service annually pursuant to an inflation-based index.<sup>4</sup>  
15
- 16          3. LECs have the flexibility to set rates for all other services at their discretion as  
17          long as rates do not discriminate unreasonably between similarly situated  
18          customers.<sup>5</sup>  
19

20       **Q.     HAS FTC ELECTED ALTERNATIVE REGULATION FOR ITS SERVICES?**

21       A.     Yes.   FTC filed its Alternative Regulation Plan on March 17, 2008, and the  
22       Commission approved it on June 3, 2008.<sup>6</sup>

23       **Q.     IS FTC SUBJECT TO THE TWO-YEAR CAP ON RAISING LOCAL**  
24       **SERVICE RATES BEYOND THE RATES IN EFFECT ON THE DATE OF**  
25       **ITS ELECTION?**

26       A.     Yes.   In its Alternative Regulation Plan filing, FTC noted that its flat-rated local  
27       service rates for residential and single-line business customers were priced at the  
28       statewide average at the date of its election, March 17, 2008. Therefore, FTC cannot

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<sup>3</sup> See S.C. Code §58-9-576(B)(3).

<sup>4</sup> See S.C. Code §58-9-576(B)(4).

<sup>5</sup> See S.C. Code §58-9-576(B)(5).

<sup>6</sup> See FTC Alternative Regulation Plan filed in Docket No. 2008-104-C and attached as Exhibit WRF-2. FTC's Alternative Regulation Plan was approved in Order No. 2008-395.

1       raise its rates for flat-rated local service for residential and single-line business  
2       customers until March 16, 2010. During this period, TWCIS's entry into FTC's  
3       market cannot cause an increase in rates to FTC's existing customers.

4       **Q.    COULD   FTC'S   FLAT-RATED   LOCAL   SERVICE   RATES   FOR**  
5       **RESIDENTIAL AND SINGLE-LINE BUSINESS CUSTOMERS INCREASE**  
6       **AFTER THE EXPIRATION OF THE TWO-YEAR PERIOD?**

7       A.    Because FTC's flat-rated local service rates were at the statewide average at the time  
8       of its alternative regulation election, upon expiration of the two-year rate cap period,  
9       FTC could raise its rates if the inflation-based index has increased to permit a rate  
10      increase. However, FTC will have to weigh the pros and cons of such an increase in  
11      light of the competitive alternatives offered by other carriers. Rather than risk losing  
12      current customers, the more rational response from a business perspective would be  
13      to reduce prices on its local exchange services or offer its customers attractive  
14      bundles of services to provide them an incentive to stay. FTC already offers its  
15      residential customers packages of bundled services.<sup>7</sup> These can be expanded to meet  
16      competitive threats. Dr. Ankum discusses the various services offered by FTC which  
17      include long distance, high speed Internet services and wireless telephone service at  
18      a minimum as well as the video services it is in the process of offering. As Dr.  
19      Ankum's testimony explains in detail, bundled offers focus the customer's attention  
20      on the convenience and cost savings of receiving multiple services from a single  
21      provider and paying a single bill.

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<sup>7</sup> See residential local service product packages at FTC website: <http://www.ftc-i.net/bundled-res-services.htm>.

1       **Q.     DO SUBSEQUENT POTENTIAL RATE INCREASES BY FTC HAVE ANY**  
2       **RELEVANCE IN THIS CASE?**

3       A.    No.  FTC's local service rates are already at the statewide average rate, which is  
4       presumed to be an affordable rate based on the South Carolina General Assembly's  
5       enactment of the statute defining the parameters of the statewide average rate  
6       calculation.  Any decision by FTC to increase its rates beyond the currently effective  
7       rates upon the expiration of the two-year freeze period will be independent of  
8       TWCIS' entry into its market and will also be limited to the inflation-based index  
9       stipulated by §58-9-576(B)(4).

10       **Q.    BASED ON THE ALTERNATIVE REGULATION RULES DISCUSSED**  
11       **ABOVE, WILL TWCIS' APPLICATION IN THIS CASE ADVERSELY**  
12       **IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**  
13       **SERVICE?**

14       A.    No.  To the contrary, TWCIS' entry into FTC's market will increase choices to  
15       customers and thus *promote* the availability of affordable local exchange service.

16  
17       **IV.    FTC IS IN A STRONG AND HEALTHY FINANCIAL POSITION**  
18       **SUFFICIENT TO SUCCEED IN A COMPETITIVE MARKET**

19       **A.     FTC's 2007 Financial Results**

20       **Q.    PLEASE DESCRIBE FTC'S CURRENT FINANCIAL POSITION.**

21       A.    My review of FTC's 2007 Telecommunications Company Annual Report ("Annual  
22       Report") filed with the Office of Regulatory Staff and the Commission finds that



1           FTC is a profitable company with more than \$103 million in retained earnings along  
2           with a strong balance sheet that reflects a solid net working capital position and a  
3           conservative debt-to-equity ratio.<sup>8</sup>

4           **Q.   WHAT IS THE SIGNIFICANCE OF FTC'S RETAINED EARNINGS**  
5           **BALANCE?**

6           A.   FTC's retained earnings balance reflects the accumulation of profits it has earned  
7           over a number of years. Because FTC is a cooperative as opposed to a for profit  
8           enterprise, it does not pay dividends to shareholders in the traditional sense. Instead,  
9           it pays capital credits back to the members who own the company. The capital  
10          credits represent revenue in excess of the cost of doing business. FTC does not  
11          identify its capital credits separately in its schedule of Retained Earnings in the  
12          Annual Report it files with the Commission, unlike declared dividends that are  
13          identified separately by for profit RLECs. Consequently, I reviewed FTC's Winter  
14          2007 newsletter to its members and noted that FTC retains its surplus revenue each  
15          year to ensure it is sufficiently capitalized to meet its operating needs. Portions of  
16          this surplus are remitted to members over time as circumstances allow. FTC paid  
17          \$2.5 million in capital credits to its members in 2006.<sup>9</sup> FTC paid an additional \$4.7  
18          million to its members in late 2007 to its members as part of its regular capital credit  
19          payment cycle. On top of this payment, FTC management authorized a special  
20          allocation to its members because the "...cooperative experienced an extraordinary

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<sup>8</sup> See 2007 Annual Report, Balance Sheet. Cited portions of 2007 Annual Report are attached as Exhibit WRF-3.

<sup>9</sup> See FTC Winter 2007 Newsletter in Exhibit WRF-4, page 2, from FTC's website at <http://www.ftc-i.net/news.htm>.

1 year in 2006.”<sup>10</sup> The newsletter did not disclose the amount of this special  
2 allocation. The above discussion and analysis reveal that FTC has enjoyed great  
3 financial success in recent years.

4 **Q. WHAT IS WORKING CAPITAL AND HOW IS A COMPANY’S WORKING**  
5 **CAPITAL POSITION EVALUATED?**

6 A. Working capital is simply the difference between a company’s current assets and its  
7 current liabilities. Current assets are those that could be converted to cash in less  
8 than a year while current liabilities are obligations that must be repaid within one  
9 year. A company with a positive working capital position is one where current assets  
10 exceed current liabilities. The strength of a company’s working capital position is  
11 typically measured as the ratio of current assets to current liabilities. A working  
12 capital ratio that is greater than 1.0 indicates that a company has sufficient resources  
13 to pay its short-term debts.

14 **Q. WHAT WAS FTC’S WORKING CAPITAL POSITION AT THE END OF**  
15 **2007?**

16 A. FTC’s 2007 Annual Report shows that it had the following current assets and current  
17 liabilities resulting in a working capital ratio of 3.57.<sup>11</sup>

WORKING CAPITAL RATIO	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
	83,803,447	23,461,069	3.57

<sup>10</sup> See FTC Winter 2008 Newsletter in Exhibit WRF-5, page 4, from FTC’s website at <http://www.ftc-i.net/news.htm>.

<sup>11</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

FTC had more than 3.5 times the resources necessary to satisfy its short-term obligations at the end of 2007. Its working capital ratio demonstrates that FTC has strong liquidity, further signifying its solid financial position.

**Q. WHAT DOES THE DEBT-TO-EQUITY RATIO MEASURE?**

A. It measures the relative proportion of debt and equity used to finance a company's assets. FTC's 2007 Annual Report reflects the following long-term debt and stockholder's equity values at the end of 2007 resulting in a Debt / Equity ratio of less than 1.0.<sup>12</sup>

DEBT / EQUITY RATIO	LONG-TERM DEBT	STOCKHOLDER'S EQUITY	DEBT / EQUITY RATIO
	100,336,621	109,111,745	0.92

FTC's Debt / Equity ratio indicates that it is not heavily leveraged which means that it does not have to commit an inordinate amount of its cash flow to service its debt. Therefore, FTC has significant cash available for investment in network infrastructure, product development, and other undertakings that will improve its service offerings and overall quality of service, making it a capable player as competition develops in the market.

**B. FTC's Financial Performance (2003 – 2007)**

**Q. HOW WOULD YOU DESCRIBE FTC'S FINANCIAL PERFORMANCE OVER THE LAST FIVE YEARS?**

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<sup>12</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

1       A.       Based upon my review of FTC's Annual Reports for the period 2003 – 2007, FTC  
2               has increased or maintained its revenue stream despite a downward trend in access  
3               lines. In 2003, its revenue was \$60.1 million and it had 58,243 total access lines.<sup>13</sup>  
4               In 2007, FTC had \$67.5 million in revenue and 51,961 total access lines.<sup>14</sup> Revenue  
5               increased by 12% while access lines decreased by 11%. Retained earnings increased  
6               by 23% from 2003 to 2007, from \$84.4 million to \$103.7 million.<sup>15</sup> While FTC's  
7               operations have generated net income in each of the five years, 2006 stands out as an  
8               extraordinary year. From 2003 to 2005, FTC averaged approximately \$8 million in  
9               net income per year. In 2006, net income jumped to \$30.4 million largely due to  
10              \$24.6 million in non-operating income.<sup>16</sup> Net income in 2007 dropped to \$2.7  
11              million but was still positive.<sup>17</sup>

12       **Q.       HOW HAS FTC BENEFITED FROM UNIVERSAL SERVICE FUND**  
13               **SUPPORT?**

14       A.       FTC receives both state and federal universal service fund ("USF") support. In 2003,  
15               it received \$2.5 million in state USF support and \$12.4 million in federal USF  
16               support for a total of \$14.9 million. By 2007, state USF support jumped to \$4.6  
17               million, an 80% increase, while federal USF support increased to \$16.9 million, a

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<sup>13</sup> See 2003 Annual Report, Operating Revenue & Expenses and Access Lines. Cited portions of 2003 Annual Report are attached as Exhibit WRF-6.

<sup>14</sup> See 2007 Annual Report, Operating Revenue & Expenses and Access Lines, Exhibit WRF-3.

<sup>15</sup> See 2003 and 2007 Annual Reports, Balance Sheet, Exhibits WRF-6 & WRF-3.

<sup>16</sup> See 2003 - 2006 Annual Reports, Operating Revenue & Expenses, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-6. Cited portions of 2004 Annual Report are attached as Exhibit WRF-7. Cited portions of 2005 Annual Report are attached as Exhibit WRF-8. Cited portions of 2006 Annual Report are attached as Exhibit WRF-9).

<sup>17</sup> See 2007 Annual Report, Operating Revenue & Expenses, Exhibit WRF-3.

**Direct Testimony of Warren R. Fischer, C.P.A.  
On Behalf of Time Warner Cable Information Services (South Carolina) LLC  
Docket No. 2008-325-C**

36% increase. Total USF support increased by 44% over this period. The trend by year is reflected in the table below:<sup>18</sup>

	FEDERAL USF							
	STATE USF	HCL	ICLS	LSS	LTS	SNA	TOTAL FEDERAL USF	TOTAL STATE AND FEDERAL USF
Farmers Telephone Cooperative								
2003	\$2,526,312	\$7,137,212	\$2,416,277	\$ -	\$2,865,780	\$ -	\$ 12,419,269	\$ 14,945,581
2004	\$4,016,705	\$7,436,124	\$4,710,762	\$ -	\$1,449,126	\$ -	\$ 13,596,012	\$ 17,612,717
2005	\$4,403,658	\$8,069,763	\$6,921,697	\$ -	\$ -	\$ -	\$ 14,991,460	\$ 19,395,118
2006	\$4,395,519	\$9,567,264	\$7,320,330	\$ -	\$ -	\$939,960	\$ 17,827,554	\$ 22,223,073
2007	\$4,555,699	\$8,655,144	\$7,323,336	\$ -	\$ -	\$926,016	\$ 16,904,496	\$ 21,460,195
Ratio 2007 to 2003	80%	21%	203%		-100%		36%	44%

FTC's USF support as a percentage of total revenue over the five-year period is shown in the table below which is a synthesis of the two previous tables:

	OPERATING REVENUE (COMBINED)		
	TOTAL	TOTAL STATE AND FEDERAL USF	% REVENUE FROM USF
<b>Farmers Telephone Cooperative</b>			
2003	\$ 60,144,400	\$ 14,945,581	25%
2004	\$ 61,681,812	\$ 17,612,717	29%
2005	\$ 66,347,724	\$ 19,395,118	29%
2006	\$ 70,110,602	\$ 22,223,073	32%
2007	\$ 67,450,032	\$ 21,460,195	32%
<i>Ratio 2007 to 2003</i>	12%	44%	

In short, USF support is a significant portion of FTC's revenue stream, and it will continue to provide a safety net to FTC in the face of competition.

<sup>18</sup> South Carolina USF disbursements are from FTC's Response to TWCIS 1st Set of Interrogatories, No. 1-12. Federal USF disbursements are from Universal Service Administration Company data

1       **Q.     IF FTC LOSES ADDITIONAL LINES AND REVENUE DUE TO MARKET**  
2           **SHARE LOSS TO TWCIS, WILL IT RECEIVE EVEN MORE USF SUPPORT**  
3           **THAN IT DOES TODAY?**

4       A.     Yes. When an RLEC such as FTC loses access lines, its cost per loop increases  
5           because its relatively static network costs are divided over fewer lines. As an  
6           RLEC's cost per loop increases over the national average cost per line, it will receive  
7           additional federal USF support. Regarding the state USF, an RLEC can receive  
8           additional support in two different ways. First, it can file for rate reductions to  
9           services priced above cost and recover projected lost revenue from the state USF.  
10          This allows an RLEC to adjust its prices to meet or beat the competition.<sup>19</sup> Second,  
11          if an RLEC loses its lower cost customers to competition, it can petition the  
12          Commission to approve a new cost study reflecting its change in cost per line.<sup>20</sup>

13       **Q.     GIVEN THE FINANCIAL STRENGTH OF FTC, WILL TWCIS' ENTRY**  
14           **INTO FTC'S MARKET ADVERSLEY IMPACT THE AVAILABILITY OF**  
15           **AFFORDABLE LOCAL EXCHANGE SERVICE?**

16       A.     No. To the contrary, TWCIS' entry in FTC's market will increase customer choice  
17           and potentially lead to lower prices.

18       **Q.     DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

19       A.     Yes, it does.

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available at <http://www.usac.org/hc/tools/disbursements/>.

<sup>19</sup> See Docket No. 97-239-C, Order No. 2001-996, Exhibit A – Guidelines for South Carolina Universal Service Fund, § 9, page 7.

<sup>20</sup> See S.C. Code § 58-9-280(E).

1       A.       Yes, it does.

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<sup>20</sup> See S.C. Code § 58-9-280(E).

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-1**

**Curriculum Vitae**



# **Warren R. Fischer, C.P.A.**

**Chief Financial Officer  
QSI Consulting, Inc.**

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## **Biography**

Mr. Fischer is a QSI partner and currently serves as Chief Financial Officer in QSI's Telecommunications Division. Mr. Fischer has over 13 years of experience in the telecommunications industry and joined QSI after five years of service within AT&T's Local Service & Access Management and Wireless Services divisions. During his telecommunications career, Mr. Fischer has focused his attention largely on TELRIC pricing, local market entry, Section 271 compliance, access and universal service reform issues, billing disputes, and damages assessment.

Mr. Fischer is an experienced and effective expert witness who has provided expert testimony in over 30 proceedings before 18 state utility commissions and other administrative agencies. Mr. Fischer is an active Certified Public Accountant who is licensed in the States of Colorado and California. Mr. Fischer's professional experience as a C.P.A. includes two years in public practice with Deloitte and Touche LLP and over 20 years of managing financial analysis, reporting and forecasting processes for various multi-national corporations.

## **Educational Background**

**Bachelor of Science, Business Administration (emphasis in Accounting)**  
University of Colorado at Boulder, Boulder, Colorado

1984



## Professional Experience

### **QSI Consulting, Inc.**

2000 - Current

Chief Financial Officer

### **AT&T Corp.**

1997 - 2000

Financial Manager

1996 - 1997

Supervisor

Network Services Division

### **AT&T Wireless Services**

1995 - 1996

Marketing Analyst / Planner

Cellular Division

### **E. & J. Gallo Winery**

1994 - 1995

Senior Financial Analyst

1991 - 1994

Operations Accountant

### **Century 21 Real Estate Corporation**

1987 - 1991

Financial Analyst

### **Deloitte & Touche LLP**

1985 - 1987

Audit-in-Charge

## Expert Testimony – Profile

*The information below is Mr. Fischer's best effort to identify all proceedings wherein he has either provided pre-filed written testimony, an expert report or provided live testimony.*

### **Before the Federal Communications Commission**

#### **File Nos. EB-01-MD-001 and EB-01-MD-002**

*In the matter of the formal complaints of AT&T corp. and Sprint Communications Company L.P., vs. Business Telecom, Inc.*

On behalf of Business Telecom, Inc.

Affidavit

February 23, 2001

### **Before the Public Utilities Commission of the State of Colorado**

#### **Docket No. 99A-161T**

*In the matter of the application of U S WEST Communications, Inc., to reduce business basic exchange and long-distance revenues upon receipt of the Colorado high-cost support mechanism in accordance with Decision No. C 99-222*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

August 6, 1999

### **Before the Public Utilities Commission of the State of Colorado**

#### **Docket No. 98A-068T**

*In the matter of the application of U S WEST Communications, Inc., to restructure and reduce switched access rates pursuant to the stipulation in Docket No. 97A-540T*

On behalf of AT&T Communications of the Mountain States, Inc.

Amended Direct

May 17, 1999

Supplemental

June 9, 1999

**In The United States District Court for The Middle District Of Florida, Jacksonville Division**  
**Civil Action No. 3:07-CV-598-J-32MCR**

*James D. Hinson Electrical Contracting Co., Inc., Individually and On Behalf Of All Others Similarly Situated, Plaintiff, v. BellSouth Telecommunications, Inc., Defendant*

On behalf of Plaintiff

Declaration

Expert Report

September 18, 2007

August 1, 2008

**Before the Public Service Commission of Florida**

**Docket No. 041464-TP**

*Petition of Sprint-Florida, Inc. for Arbitration of an Interconnection Agreement with Florida Digital Network, Inc. Pursuant to Section 252 of the Telecommunications Act of 1996*

On Behalf of Florida Digital Network, Inc. D/B/A FDN Communications

Direct

May 27, 2005

**Before the Public Service Commission of Florida**

**Docket No. 990649B-TP**

*In re: investigation into pricing of unbundled network elements*

On Behalf of AT&T Communications of the Southern States, Inc., MCImetro Access Transmission Services, LLC & MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. (collectively called the "ALEC Coalition")

Rebuttal

January 30, 2002

**Before the Illinois Commerce Commission**

**Docket No. 02-0864**

*Illinois Bell Telephone Company: Filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002)*

On Behalf of AT&T Communications of Illinois, Inc., WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, LLC, Allegiance Telecom of Illinois, Inc., RCN Telecom Services of Illinois, LLC, Globalcom, Inc., Z-Tel Communications, Inc., XO Illinois, Inc., Forte Communications, Inc., and CIMCO Communications, Inc.

Direct

May 6, 2003

Rebuttal

January 20, 2004

Surrebuttal

February 20, 2004

Supplemental Surrebuttal

May 5, 2004

**Before the Indiana Utility Regulatory Commission**

**Cause No. 42393**

*In the matter of the commission investigation and generic proceeding of rates and unbundled network elements and collocation for Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana pursuant to the Telecommunications Act of 1996 and related Indiana statutes*

On behalf of AT&T Communications of Indiana, G.P. and TCG Indianapolis ("AT&T"), WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Z-Tel Communications, Inc.

Response

August 15, 2003

**Before the Public Service Commission of Maryland**

**Case No. 8879**

*In the matter of the investigation into rates for unbundled network elements pursuant to the Telecommunications Act of 1996*

On Behalf of the Staff of the Public Service Commission of Maryland

Rebuttal

September 5, 2001

Supplemental Rebuttal

October 4, 2001

Surrebuttal

October 15, 2001

**Before the Massachusetts Department of Telecommunications and Energy**

*Docket DTE 06-61 Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariff: M.D.T.E. No. 14, filed with the Department on June 16, 2006, to become effective July 16, 2006, by Verizon New England, Inc. d/b/a Verizon Massachusetts*

On Behalf of Broadview Networks, Inc.; DSCI Corporation; Eureka Telecom, Inc. d/b/a InfoHighway Communications; Metropolitan Telecommunications of Massachusetts, Inc., a/k/a MetTel; New Horizon Communications; and One Communications (collectively "CLEC Coalition")

Rebuttal Panel Testimony

September 12, 2006

**Before the Massachusetts Department of Telecommunications and Energy****Docket DTE 01-20**

*Investigation by the department on its own motion into the appropriate pricing, based upon total element long-run incremental costs, for unbundled network elements and combinations of unbundled network elements, and the appropriate avoided cost discount for Verizon New England Inc., d/b/a Verizon Massachusetts' resale services*

On Behalf of the CLEC Coalition

Rebuttal

July 17, 2001

**Before the Michigan Public Service Commission****Case No. U-13531**

*In the matter, on the commission's own motion, to review the costs of telecommunications services provided by SBC Michigan*

On behalf of AT&T Communications of Michigan, Inc., and TCG Detroit ("AT&T")

Initial

January 20, 2004

Final Reply

May 10, 2004

**Before the Michigan Public Service Commission****Case No. U-11756**

*In the matter of the complaint of Michigan Pay Telephone Association et al. Against Ameritech Michigan and Verizon North Inc., f/k/a GTE North Incorporated*

On behalf of Michigan Pay Telephone Association and the other payphone service provider Complainants

Direct

February 10, 2003

**Before The Office Of Administrative Hearings For The Minnesota Public Utilities Commission****MPUC Docket No. P-421/AM-06-713, OAH Docket No. 3-2500-17511-2**

*In the matter of Qwest Corporation's Application for Commission Review of TELRIC Rates Pursuant to 47 U.S.C. § 251*

On behalf of Integra Telecom of Minnesota, Inc.; McLeodUSA Telecommunications Services, Inc.; POPP.com, Inc.; DIECA Communications, Inc., d/b/a Covad Communications Company; TDS Metrocom; and XO Communications of Minnesota, Inc., ("The CLEC Coalition")

Direct

August 24, 2007

**Before the Public Service Commission of the State of Montana****Docket No. D97.5.87**

*IN THE MATTER OF the Investigation into U S WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996*

On behalf of AT&T Communications of the Mountain States

Direct

June 1998

Rebuttal

June 1998

Supplemental Rebuttal

November 1998

**Before the Public Service Commission of the State of Montana****Docket No. D96.12.220**

*IN THE MATTER of the Application of U S WEST Communications, Inc. to Restructure its Prices for Regulated Telecommunications Service.*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

October 1997

**Before the Nebraska Public Service Commission****Application No. C-1628**

*In the matter of the Nebraska Public Service Commission, on its own motion, seeking to conduct an investigation into intrastate access charge reform and intrastate universal service fund*

On behalf of AT&T Communications of the Midwest, Inc.

Direct

October 20, 1998

**Before the Nebraska Public Service Commission****Application No. C-1830**

*In the Matter of US West Communications, Inc., filing its notice of intention to file Section 271(c) application with the FCC and request for Commission to verify US West compliance with Section 271(c)*

On behalf of AT&T Communications of the Midwest, Inc.

Direct and rebuttal

August 1998

**Before the Nebraska Public Service Commission****Docket No. C-1519**

*In the matter of the emergency petition of MCI Telecommunications Corporation and AT&T Communications of the Midwest, Inc. to investigate compliance of Nebraska LECs with FCC payphone orders*

On behalf of AT&T Communications of the Midwest, Inc.

Direct

January 20, 1998

**Before the New Mexico State Corporation Commission****Docket No. 96-310-TC and Docket No. 97-334-TC**

*In the matter of the consideration of the adoption of a rule concerning costing methodologies and In the matter of the implementation of new rules related to the rural, high-cost, and low-income components of the New Mexico universal service fund*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 8, 1998

Rebuttal

August 5, 1998

**Before the New Mexico State Corporation Commission****Docket No. 97-106-TC**

*In The Matter Of Qwest Corporation's Section 271 Application And Motion For Alternative Procedure To Manage The Section 271 Process*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 1998

Rebuttal

July 1998

Reply

September 1998

**Before the New Mexico State Corporation Commission****Docket No. 97-69-TC**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

March 20, 1997

**Before the North Carolina Utilities Commission****Docket No. P-100, Sub 133d, Phase I***In the matter of general proceeding to determine permanent pricing for unbundled network elements*

On Behalf of New Entrants

Direct

August 11, 2000

**Before the Public Service Commission of the State of North Dakota****Case No. PU-05-451***Midcontinent Communications, a South Dakota Partnership, Complainant vs. North Dakota Telephone Company, Respondent*

On behalf of Midcontinent Communications

Direct

December 21, 2005

Rebuttal

January 16, 2006

**Before the Public Service Commission of the State of North Dakota****Docket No. PU-314-97-465***In the matter of U S WEST Communications, Inc., universal service costs investigation*

On behalf of AT&amp;T Communications of the Midwest, Inc.

Rebuttal

February 27, 1998

**Before the Public Utilities Commission of Ohio****Case No. 02-1280-TP-UNC, Phase II***In the matter of the Review of SBC Ohio's TELRIC Costs for Unbundled Network Elements*

On behalf of MCIMetro Access Transmission Services, LLC, McLeodUSA Telecommunications Services, Inc., Covad Communications Company, NuVox Communications of Ohio, Inc., and XO Ohio, Inc.

Direct

August 8, 2005

**Before the State of South Dakota Public Utilities Commission****Docket No. TC07-117***In The Matter of the Petition Of Midcontinent Communications For Approval Of Its Intrastate Switched Access Tariff And For An Exemption From Developing Company-Specific Cost-Based Switched Access Rates*

On behalf of Midcontinent Communications

Direct

July 15, 2008

**Before the State Office of Administrative Hearings (Texas)****SOAH Docket No. 473-07-1365, PUC Docket No. 33545***Application of McLeodUSA Telecommunications Services, Inc. For Approval of Intrastate Switched Access Rates Pursuant To PURA Section 52.155 And PUC Subst. R. 26.223*

On behalf of McLeodUSA Telecommunications Services, Inc.

Rebuttal

May 24, 2007

**Before the Public Service Commission of Wisconsin****Docket No. 6720-TI-187***Petition of SBC Wisconsin to determine rates and costs for unbundled network elements*

On behalf of AT&amp;T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&amp;T"), and MCI, Inc.

Rebuttal

June 15, 2004

**Before the Wyoming Public Service Commission****Docket No. 70000-TA-98-442***In the matter of the second application of U S WEST Communications, Inc., for a finding that its interexchange telecommunications services are subject to competition*

On behalf of AT&amp;T Communications of the Mountain States, Inc.

Direct

January 6, 1999

**Before the Wyoming Public Service Commission****Docket No. 70000-TR-98-420**

*In the matter of the application of U S WEST Communications, Inc., for authority to implement price ceiling in conjunction with its proposed Wyoming price regulation plan for essential and noncompetitive telecommunication services*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

September 9, 1998

**Before the Wyoming Public Service Commission****General Order No. 81**

*In the matter of the investigation by the Commission of the feasibility of developing its own costing model for use in determining federal universal service fund support obligations in Wyoming*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

November 1997

Amended Direct

January 23, 1998

Rebuttal

February 6, 1998

**Before the Wyoming Public Service Commission****Docket No. 72000-TI-97-107 and Docket No. 70000 TI-97-352**

*In the matter of the petition of AT&T for the Commission to initiate investigation of U S WEST Communications, Inc.'s compliance with Section 271 of the Telecommunications Act of 1996*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

1998

**Before the Wyoming Public Service Commission****Docket No. 72000-TC-97-99**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

May 15, 1997

**Before the Wyoming Public Service Commission****Docket No. 70007-TR-95-15**

On behalf of AT&T Communications of the Mountain States, Inc.

Adopted Pre-filed Direct

October 1996

**Selected Reports, Presentations and Publications**

QSI Final Report to the Hawaii Public Utilities Commission "Analysis and Recommendations Related to Docket No. 04-0140 *Merger Application Of Paradise Mergersub, Inc. (n/k/a Hawaiian telecom Mergersub, Inc.), Verizon Hawaii, Inc. and Related Companies*" February 7, 2005

QSI Technical Report No. 012605A "IP-Enabled Voice Services: Impact of Applying Switched Access Charges to IP-PSTN Voice Services"

*Ex Parte filing in FCC dockets WC Dockets No. 04-36 (In the Matter of IP-Enabled Services), 03-266 (In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP Enabled Services)*  
Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature "The Wyoming Universal Service Fund. *An Evaluation of the Basis and Qualifications for Funding*" December 3, 2004

QSI Management Audit Reports to the Wyoming Public Service Commission on the Wyoming Universal Service Fund:

1. For the period October 28, 1999 through December 31, 2001 (issued May 15, 2002)
2. For the period January 1, 2002 through December 31, 2004 (issued January 31, 2006)

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-2**

**FTC Alternative Regulation Plan**



MCNAIR LAW FIRM, P.A.  
ATTORNEYS AND COUNSELORS AT LAW

Margaret M. Fox  
pfox@mcnair.net

www.mcnair.net

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1301 GERVAIS STREET, 11th FLOOR  
COLUMBIA, SOUTH CAROLINA 29201

POST OFFICE BOX 11390  
COLUMBIA, SOUTH CAROLINA 29211  
TELEPHONE (803)799-9800  
FACSIMILE (803)753-3219

March 17, 2008

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Farmers Telephone Cooperative, Inc.  
Alternative Regulation Plan Pursuant to S.C. Code Ann. § 58-9-576

Dear Mr. Terreni:

Enclosed for filing on behalf of Farmers Telephone Cooperative, Inc. ("FTC"), please find an Alternative Regulation Plan.

The Commission has previously approved local interconnection agreements between FTC and the following entities: MCImetro Access Transmission Services, LLC ("MCI"), Sprint Communications Company, L. P. ("Sprint"), and Managed Services, Inc. ("MSI"). Pursuant to S.C. Code Ann. § 58-9-576(A), any LEC may elect the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B) if the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. An Affidavit of Jeffrey L. Lawrimore is being filed with this Plan to certify that FTC is not affiliated with MCI, Sprint, or MSI.

Therefore, having met the statutory requirement for election of alternative regulation, FTC hereby elects to have its rates, terms and conditions determined pursuant to the plan described in S. C. Code Ann. § 58-9-576(B), as set forth in the attached Alternative Regulation Plan, effective May 1, 2008.

In addition to the Alternative Regulation Plan and Affidavit of Jeffrey L. Lawrimore, we are also enclosing a proposed Notice of Filing for the Commission's convenience.

Thank you for your assistance.

Very truly yours,



Margaret M. Fox

Enclosures

cc: C. Dukes Scott, Esquire  
Ronald K. Nesmith, Farmers Telephone Cooperative, Inc.

**FARMERS TELEPHONE COOPERATIVE, INC.  
ALTERNATIVE REGULATION PLAN  
PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed March 17, 2008  
Effective May 1, 2008

1. Introduction

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement for Farmers Telephone Cooperative, Inc. ("FTC"), and FTC hereby elects to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

FTC currently has on file with the Commission interconnection agreements between FTC and the entities listed below, none of which is affiliated with FTC.

Sprint Communications Company, L.P. (effective September 1, 2007)  
Managed Services, Inc. (effective June 1, 2007)  
MCImetro Access Transmission Services, LLC (effective December 20, 2005)

In addition, FTC has a number of Resale Agreements with various unaffiliated entities on file with the Commission.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is May 1, 2008, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by FTC that are regulated by the Commission.

### 3. The Plan

- a. As of March 17, 2008, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by FTC contained in FTC's then-existing tariffs and contracts are considered just and reasonable.
- b. FTC is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.
- c. Although FTC is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3), FTC's flat-rated local exchange services for residential and single-line business customers are currently priced at the statewide average local service rates for those services, weighted by number of access lines, as shown in FTC's local service tariff on file with the Commission. Therefore, the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) are not waived for FTC, and FTC's residential and single-line business rates shall be frozen for a period of two years from the date of election of this Alternative Regulation Plan and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.
- d. FTC will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- e. Except when exempted by law, FTC will file tariffs for price changes or new services with respect to its local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- f. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2008-\_\_\_\_\_-C

IN RE: Farmers Telephone Cooperative, Inc. Alternative )  
Regulation Plan Filed Pursuant to S.C. Code )  
Ann. § 58-9-576 ) **AFFIDAVIT**  
OF  
**JEFFREY L. LAWRIKORE**


STATE OF SOUTH CAROLINA

COUNTY OF WILLIAMSBURG

PERSONALLY APPEARED BEFORE ME the undersigned WHO, BEING DULY  
SWORN, deposed and said:

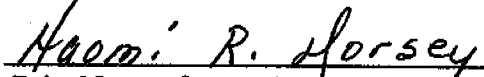
1. My name is Jeffrey L. Lawrimore. I am employed by Farmers Telephone Cooperative, Inc. (the "Cooperative") as its Chief Financial Officer. I am an officer of the Cooperative and I am authorized to give this affidavit on behalf of the Cooperative.
2. Farmers Telephone Cooperative, Inc., hereby certifies that it is not affiliated with the following entities: Sprint Communications Company, L.P.; Managed Services, Inc.; and MCI metro Access Transmission Services, LLC.

FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Jeffrey L. Lawrimore  
Chief Financial Officer

Subscribed to and sworn before me this 12<sup>th</sup> day of March 2008.

  
\_\_\_\_\_  
NOTARY PUBLIC FOR SOUTH CAROLINA

  
\_\_\_\_\_  
(Print Name of Notary)  
My Commission Expires: APRIL 29, 2014

**{FTC PROPOSED NOTICE OF FILING}**

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**DOCKETING DEPARTMENT**

**NOTICE OF FILING**

**DOCKET NO. 2008-     -C**

Farmers Telephone Cooperative, Inc. ("FTC") has filed with the Public Service Commission of South Carolina ("Commission") a request to have its rates, terms and conditions determined pursuant to the plan described in S.C. Code Ann. § 58-9-576(B). Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved agreements between FTC and the following entities: Sprint Communications Company, L.P. ("Sprint") (effective September 1, 2007); Managed Services, Inc. ("MSI") (effective June 1, 2007), and MCImetro Access Transmission Services, LLC ("MCI") (effective December 20, 2005). An officer of FTC has filed an affidavit stating that FTC is not affiliated with Sprint, MSI, or MCI. FTC elects to have its rates, terms, and conditions determined pursuant to the Plan described in S.C. Code Ann. § 58-9-576(B) as set forth in its Alternative Regulation Plan, effective date May 1, 2008.

A copy of the Application is on file in the offices of the Commission, 101 Executive Center Drive, Columbia, South Carolina 29210, the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov), and is available from Margaret M. Fox, Esquire, McNair Law Firm, P.A., P.O. Box 11390, Columbia, SC 29211. Interested persons may contact the Commission or counsel for FTC for additional information concerning the Plan. *Please refer to Docket No. 2008-\_\_\_\_-C.*

Persons seeking information about the Commission's Procedures should contact the Commission at (803) 896-5100.

Public Service Commission of South Carolina  
Attn: Docketing Department  
Post Office Drawer 11649  
Columbia, South Carolina 29211

{date}

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-3**

**Cited Portions of FTC's 2007 Telecommunications Company Annual Report**

# TELECOMMUNICATIONS COMPANY ANNUAL REPORT OF FARMERS TELEPHONE COOPERATIVE, INC.

Exact Legal Name of Respondent

PSC/ORS Number (leave blank)

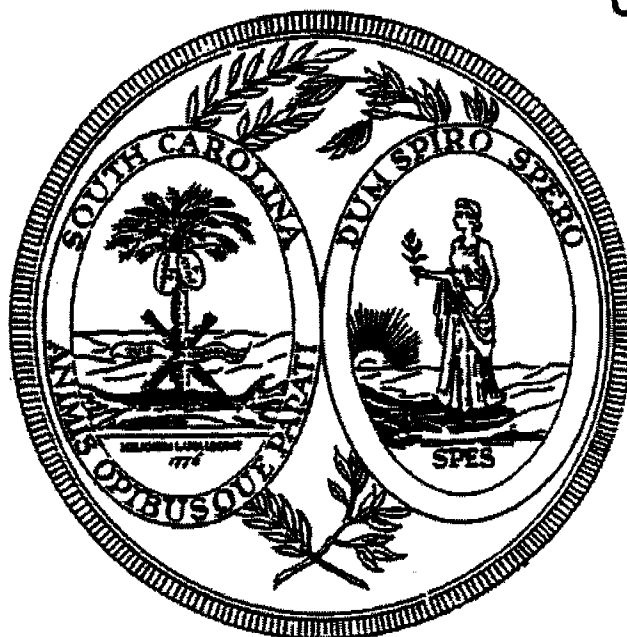
**FOR THE YEAR ENDED 2007**

[ **XX** ] Calendar Year Ending December 31, 2007

or

[ ] Fiscal Year Ending \_\_\_\_\_

**CONFIDENTIAL**



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1- South Carolina Operating Revenue & Expenses**

Year Ending December 31, 2007 or Fiscal Year Ending \_\_\_\_\_

<u>Operating Revenues:</u>	<u>G/L Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues		25,358,029	
Network Access Service Revenues		35,939,533	
Long Distance Revenues		1,962,035	
Miscellaneous Revenues		4,263,103	
Uncollectible Revenues		(72,668)	
<b>Total Revenues</b>		<b>67,450,032</b>	
<u>Operating Expenses:</u>			
Plant Specific Expenses		13,078,032	
Plant Nonspecific Expenses		29,454,853	
Customer Operations Expenses		7,705,542	
Corporate Operations Expenses		15,160,114	
Operating Taxes other than Income		208,770	
Operating Investment Tax Credits-Net			
Operating Taxes-Income-Current-Federal		(239,277)	
Operating Taxes-Income-Current-State		(20,924)	
Operating Taxes-Deferred Income-Net			
<b>Total Operations Expenses</b>		<b>65,347,291</b>	
<b>Net Income from Operations</b>		<b>2,102,741</b>	
Interest Income		3,513,475	
Nonoperating Income and Expenses		1,804,245	
Fixed Charges-(Other Than Interest on Debt)		135,564	
Interest Expense on Funded Debt		4,982,514	
<b>Non-regulated Net Income</b>		<b>421,132</b>	
Extraordinary Items			
<b>Net Income</b>		<b>2,723,515</b>	



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2007 or Fiscal Year Ending \_\_\_\_\_

Description	G/L Accounts	Balance at Close of Year
<b>Current Assets</b>		
Cash		(104,607)
Temporary Investments		60,265,823
Telecommunications Accounts Receivables		2,812,815
Allowance for Bad Debts		
Interest, Dividends & Other Accounts Receivable		17,694,769
Notes Receivable-Net		195,525
Materials & Supplies Inventory		2,939,122
Other Current Assets		
<b>Total Current Assets</b>		<b>83,803,447</b>
<b>Prepaid Accounts &amp; Deferred Charges</b>		
Prepays		674,112
Deferred Charges		3,177,982
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>3,852,094</b>
<b>Non-Current Assets</b>		
Investments in Affiliated Companies		11,622,325
Investment in Non-Affiliated Companies		464,049
Non-Regulated Investments		2,761,017
Other Non-Current Assets		688,631
<b>Total Non-Current Assets</b>		<b>15,536,022</b>
<b>Telecommunications Plant</b>		
Telephone Plant in Service		331,214,305
Property Held for Future Use		
Telecommunications Plant under Construction		13,838,755
Telecommunications Plant Adjustment		

**Schedule #2- Balance Sheet-Continued**

<b>Description</b>	<b>G/L Accounts</b>	<b>Balance at Close of Year</b>
<b>Telecommunications Plant-Continued</b>		
<b>Non-Operating Plant</b>		
<b>Goodwill</b>		
<b>Total Plant</b>		<b>345,053,060</b>
<b>Depreciation Reserve-Plant</b>		<b>(189,076,412)</b>
<b>Depreciation Reserve-Other</b>		
<b>Total Depreciation Reserve</b>		<b>(189,076,412)</b>
<b>Net Telecommunications Plant</b>		<b>155,976,648</b>
<b>Total Assets</b>		<b>259,168,212</b>
<b>Current and Accrued Liabilities</b>		
<b>Accounts Payable</b>		<b>19,150,829</b>
<b>Notes Payable-Affiliated</b>		
<b>Advance Billings and Payments</b>		
<b>Customer Deposits</b>		<b>526,669</b>
<b>Current Maturities-Long Term Debt</b>		
<b>Current Maturities-Capital Leases</b>		
<b>Income Taxes Accrued</b>		<b>(180,000)</b>
<b>Other Accrued Taxes</b>		<b>403,344</b>
<b>Other Accrued Liabilities</b>		
<b>Other Current Liabilities</b>		<b>3,560,228</b>
<b>Total Current and Accrued Liabilities</b>		<b>23,461,069</b>
<b>Other Liabilities and Deferred Credits</b>		
<b>Other Long Term Liabilities</b>		<b>25,726,266</b>
<b>Premium on Long Term Debt</b>		
<b>Unamortized Operating Investment Tax Credits-Net</b>		

**Schedule #2- Balance Sheet-Continued**

<b>Description</b>	<b>G/L Accounts</b>	<b>Balance at Close of Year</b>
<b>Other Liabilities and Deferred Credits-Continued</b>		
Unamortized Nonoperating Investment Tax Credits-Net		
Other Deferred Credits		532,511
Net Current Deferred Operating Income Taxes		
Net Current Deferred Nonoperating Income Taxes		
Net Noncurrent Deferred Operating Income Taxes		
Net Noncurrent Deferred Nonoperating Income Taxes		
Other Jurisdictional Liabilities and Deferred Credits		
<b>Total Other Liabilities and Other Credits</b>		<b>26,258,777</b>
<b>Long Term Debt</b>		
Funded Debt		100,336,621
Reacquired Debt		
Obligations Under Capital Leases		
Advances from Affiliated Companies		
Other Long Term Debt		
<b>Total Long Term Debt</b>		<b>100,336,621</b>
<b>Total Liabilities</b>		<b>150,056,467</b>
<b>Stockholders Equity</b>		
Capital Stock		682,545
Additional Paid In Capital		
Treasury Stock		
Other Capital		4,733,597
Retained Earnings		103,695,603
<b>Total Stockholders Equity</b>		<b>109,111,745</b>
<b>Total Stockholders Equity and Liabilities</b>		<b>259,168,212</b>

**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>125,668,581</b>
<b>Miscellaneous Debits to Retained Earnings</b>	<b>48,304,342</b>	
<b>Miscellaneous Credits to Retained Earnings</b>		<b>23,607,849</b>
<b>Net Income or Loss From Operations</b>		<b>2,723,515</b>
<b>Retained Earnings-End of Year</b>		<b>103,695,603</b>
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>		
<b>Other</b>		<b>27,209,815</b>
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		<b>76,485,788</b>
<b>Retained Earnings-Total End of Year</b>		<b>103,695,603</b>

**Schedule #7- South Carolina Local Access Lines**

<b>Total Business</b>	<u>6,925</u>
<b>Total Residence</b>	<u>43,829</u>
<b>Total Lifeline Access Lines</b>	<u>1,207</u>
<b>Total Access Lines</b>	<u>51,961</u>
<b>Total Number of Customers</b>	<u>50,304</u>
<b>Total Wholesale Customers</b>	<u></u>
<b>Total Wholesale DSL Customers</b>	<u></u>

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-4**

**FTC Winter 2007 Newsletter**

## "Super Sonic" Security!

SonicWALL TZ 170 SP is a total security platform ensuring continuous network uptime for critical, secure data connectivity through integrated and automated failover and failback technologies. Dual broadband WAN connections plus an integrated analog modem enable the TZ 170 SP to offer automated broadband-to-broadband-to-analog WAN redundancy for unparalleled network uptime. Built on SonicWALL's deep packet inspection architecture, the TZ 170 SP delivers comprehensive intrusion

detection and prevention against application layer threats. The TZ 170 SP integrates support for SonicWALL's portfolio of security services, and can be easily managed remotely as part of a multi-firewall and VPN environment using SonicWALL's industry-leading Global Management System.

For more information on this advanced equipment to keep your business diverse and secure, contact an FTC representative today.



## NEW FTC LOOK all together, better.

Welcome to the first issue of our new FTC Newsletter design. We began our new look with the latest Annual Report (pictured), and have great plans in using this design in many places such as our directory, billboards and other communications that represent you and your Cooperative. Our new theme, **"all together, better"**, is also our way of conveying our continuing commitment to bringing everything you need in communications - local, long distance, wireless and Internet services all under your FTC roof.

**"All together, better"** is a good way of saying that all of us work "together" to contribute to the communities in which we live, making those areas "better". Thanks to you, FTC is one of the largest, most advanced and affordable cooperatives in America. And that will always make your FTC **"all together, better"**.



## WIRELESS

### Wireless Offers Don't Get Any **SHARPER** Than This!

Visit any of our local FTC Wireless offices for these great deals on wireless phones.

The ever popular Motorola V3 RAZR is FREE after the \$50 mail-in rebate and the Samsung C417 is also FREE.

Both require contracts, and with the best, most affordable local one-source wireless provider you'll find anywhere!

Check out our latest ad on these great offers in your local newspaper.



**RAZR SHARP COST CUTTERS**

**FREE PHONES FROM FTC WIRELESS**

FTC Wireless has SHAVED OFF THE COST of these great phones to give you free offers on some really sharp phones. Call or visit your local FTC Wireless Phone Office today -- and cut a great deal!

**FREE V3 RAZR** (PINK OR BLACK) after \$50 Mail In Rebate & 2-Year Commitment

**OR CHOOSE**

**FREE SAMSUNG C417** With 2-Year Commitment

FTC Wireless  Sharing the Experience

1-888-218-5050 • www.ftc-i.net

## WINTER 2007

### IN THIS ISSUE

**Our "all together, better" New Look**  
I First issue of new FTC Newsletter design.  
I page 1

**A Changing of the Guard**  
I FTC announces promotion of F. Bradley Erwin.  
I page 3

**Capital Credit Highlight**  
I What this means to me.  
I page 2

**FREE Wireless Offers and More**  
I From your one-source wireless provider.  
I page 4  
I Towering Achievements.  
I page 2

**Super Sonic Security**  
I Solutions for your business.  
I page 4

**Your all together, better team**  
I Customer Service spotlight.  
I page 3



CREDIT ELECTION, A CAPITAL IDEA

Farmers Telephone Cooperative, Inc. is a member-owned telephone company. As a cooperative member, you are an integral part of the Cooperative; collectively, **you are the Cooperative**. When you pay for your telecommunications service, you help yourself and your neighbors. The capital that you and fellow members provide serves as our equity, and helps us serve all members.

Being part of the Cooperative often pays off for individual members, too. That's best seen in how we pay margins, the funds remaining after operating expenses are covered. As a nonprofit organization, the Cooperative often returns to members the revenues over and above the cost of doing business. This money, known as capital credits, goes directly back into local communities.

The monies distributed to each customer are determined by the amount you paid to FTC during the year for which the capital has been retired. The Cooperative does not immediately distribute the full amount of capital at the end of each year in order to keep rates low, in case unforeseen changes occur. Portions are given out over time to allow us to plan for the future and ensure strength and stability within our coverage area.

FTC members who have earned capital credits have two methods of payment from which to choose:

**Present Value and FIFO (First-In/First-Out)**

**Present Value Method**

The present value method of payment entitles you to receive a payment for all previous unpaid years of service, including 2006. However, if you do request your patronage allocation prior to its 15-year maturity cycle, the amount will be discounted for each year. For example, if your 2006 patronage allocation was \$82.61, you will receive a check for \$28.13 in full settlement of your account.

**FIFO Method**

The First-In/First-Out method of payment entitles you to receive 100% of the capital credits allocated on a 15-year cycle. Thus, you will receive a check for 2006 service in the year 2021. Capital



TOWER POWER

Following is a list of Wireless "TOWERING ACHIEVEMENTS":

In our ever growing commitment to giving you the broadest coverage around, here is an updated list of towers scheduled for installation.

Clarendon County

Manning Country Club . . .Scheduled On Air March 15  
Rickenbaker Road . . . . .Scheduled On Air March 15  
June Burn Road . . . . .Scheduled On Air March 31

Sumter County

Pinewood Road . . . . .Scheduled On Air May 15  
West of Shaw AFB . . . . .Scheduled On Air May 15  
Emerald Lakes . . . . .Scheduled On Air May 15

Lee County

Spring Hill . . . . .Scheduled On Air May 15

Williamsburg County

South Andrews . . . . .Scheduled On Air June 1  
Trio . . . . .Scheduled On Air June 1

credits earned for the year 1992 are scheduled for payment in 2007. You will receive a check this year only if you had telephone service with FTC in 1992.

Last year, FTC distributed almost \$2.5 million to our members. We're working year-round to keep rates and operating costs low in order to return as much capital as possible to our owners, while still providing the high-quality service our members deserve.

FTC Announces Promotion of F. Bradley Erwin To Chief Executive Officer



You may remember from the last issue of your FTC Newsletter, Mr. John L. McDaniel announced his retirement from FTC at the end of November, 2006. After serving our Cooperative for nearly four decades, Mr. McDaniel turned his responsibilities over to FTC colleague and friend, Mr. Brad Erwin.

A veteran in the telephone industry, Mr. Erwin brings nearly

20 years of FTC experience with him to his new post. Prior to his promotion in December of 2006, Mr. Erwin served as FTC's General Manager. Other positions held include Chief Marketing Officer, Access Services Administrator, and Systems and Access Analyst. He serves on the Board of Directors of the SC Telephone Association, PalmettoNet, Inc., and Spirit Telecom, Inc. He also serves on the boards of Williamsburg Academy and the Charles E. Murray Historical Foundation.

Mr. Erwin is a member of Williamsburg Presbyterian Church

where he sings in the choir and serves as Elder and President of WPC Men of Church.

A graduate of Presbyterian College, Mr. Erwin holds a Bachelors Degree in Business Management. He and his wife, Tammy, have two sons, Frank (10) and Holden (3), and reside in Greeleyville. We welcome Mr. Erwin to this position and look forward to working with him in pushing forward as one of the most progressive cooperatives in America.



CUSTOMER SERVICE

Your "all together, better" team!

Just some of the employees that keep FTC one of the best cooperatives in the country!



- To give you an idea of how big and how committed FTC is to your every telecommunication requirement, here are some facts you may find interesting:
- FTC has 51 Customer Service Reps in 8 business office locations.
  - Business offices are located in Kingstree, Johnsonville, Lake City, Manning, Bishopville and three locations in Sumter - Wesmark Boulevard, Peach Orchard and N. Pike West.
  - Our Johnsonville office is ready to handle your wireless activations and any type of FTC or FTC/DSI payment on your services. (Johnsonville handles only wireless activations and payments.)
  - FTC also has an inbound Call Center with 17 CSRs located in our Sumter District Headquarters office. The Call Center can accept credit card payments and any type of change to your FTC and FTC/DSI services. (Wireless activations require a visit to one of our 8 offices.)
  - Customer Service has recently completed advanced training in our FTC on-line account management.

- Customers can select this option from our Web Site ([www.ftc-i.net](http://www.ftc-i.net)) where you can register your account information to conveniently view and pay your FTC or FTC/DSI monthly bill by credit card or check.
- You can select to have e-mail notification when your bill is available to view. You can also select if you would prefer to discontinue your mailed paper bill and use the on-line bill only.
- Installs for new service and changes to current FTC and FTC/DSI services can also be made on-line in our on-line account management area.

For further information on all of our services, please contact FTC Customer Service at 1-888-218-5050 or [FTC\\_CS@ftc-i.net](mailto:FTC_CS@ftc-i.net).





**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-5**

**FTC Winter 2008 Newsletter**

## MITEL NAVIGATOR – A Breakthrough In Communications

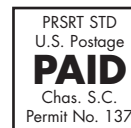
### Simplifies Task Navigation and Enhances Application Efficiency

Announcing another excellent Business Solution from FTC! The **Mitel Navigator** is a communications device that radically enhances voice, video and data convergence on the desktop. Fitting neatly under a flat screen monitor, this unique IP Desktop communications control panel supports both SIP and Mitel's IP Protocol (MiNet). To simplify task navigation, nine programmable keys can be used to access a variety of telephony functions and computer applications. Multiple appearances give the

user the ability to access up to 27 commands and tasks. It also supports PC speakers and headphones that can be used with the embedded full-duplex microphone and speakers for hands-free or conference calling. Another intriguing feature; the ability to use the device to play music from the computer and have the music stop when a phone call is initiated or received. To learn more about the **Mitel Navigator** and how it is a more effective method of delivering an integrated, application-rich, large color screen desktop device (as opposed to an expensive color screen phone offered by other companies) contact FTC today.



1101 E. Main Street  
Kingstree, SC 29556  
1.888.218.5050  
www.ftc-i.net



all together, better.

## COMMUNITY

### MARCH OF DIMES – A Caring Connection To The Community.

Every year, nearly half a million babies are born prematurely in the United States. FTC supports the many educational and advocacy efforts of the March of Dimes by participating in their WalkAmerica campaign.

***"It is compassionate people like you and your team members that give this event its heart"***

**FTC WalkAmerica Efforts Receive National Attention!** This event along with many others like them are just some of the ways FTC maintains a caring connection with the communities it serves. While many companies offer needed monetary contributions – FTC makes the effort to provide both needed funds – and the people-power to make it all happen. **THIS PAST EVENT REALLY DESERVES A BIG CONGRATULATIONS!**

Not only did we win second in our fundraising efforts in Sumter, our team t-shirt also got some huge recognition. *Second Place in the entire nation, in fact!* The shirt features "then and now" photos of Kaleob and Hazel Grace Coker. Grandchildren of proud FTC retiree, Junior Baker, the premature twins have also

been chosen as the Ambassador family for 2008. You will also see them featured in our upcoming FTC Annual Report.

One out of eight babies is born prematurely. The March of Dimes Prematurity Campaign is a national program formed to educate families and raises millions of dollars for research. This research helped save our two special babies. Hazel weighed 2 lbs. 12 ounces, and Kaleob weighed 2 lbs. 1 ounce. They were born on June 6, 2006 and are now happy, healthy and cute as can be!

Congratulations to all those who participated, employees and community alike. We look forward to many more and wish the March of Dimes success in their efforts in keeping our babies healthy, happy and full of life.

Hazel Grace and Kaleob Coker.



## CAPITAL CREDIT Update

### Capital Credits – Bring Members "Together Better" With Their Money

The last quarter of 2007 looked all together better for our members in Clarendon, Florence, Lee, Sumter and Williamsburg counties. They found a check in their mailbox in the form of Capital Credits from FTC – their communications company.

Checks were mailed on November 1st. 45,284 checks were sent, totaling \$4,658,517. Special allocations are to be mailed in early February.

FTC made the refunds in capital credits to members who used cooperative services in 1992 and to those who used cooperative services from 1993 through 2006 and chose the "discount method" for distribution. For those who choose to do so, the discount method allows members to receive their funds at a reduced amount prior to the regular 15-year refund cycle.

Plus your cooperative experienced an extraordinary year in 2006, largely due to past investments coordinated by

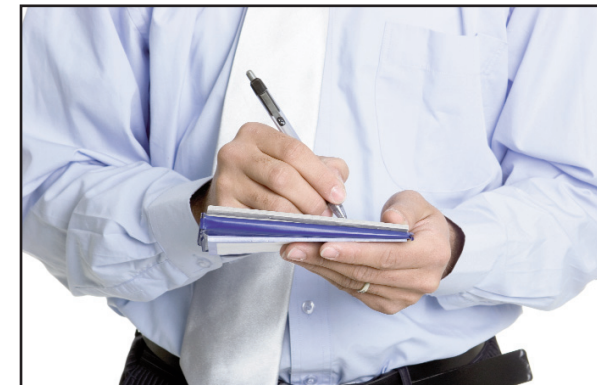
your Board of Directors. That means a special allocation to our members has been approved. These refunds to members should make a significant impact on the local community.

Capital credit refunds represent money remaining each year after the operating needs of the cooperative are met. "This is possible because of the ownership position held by users of FTC services. These customers are, in fact, owners of the cooperative which is a non-profit organization," F. Bradley Erwin, FTC CEO, said.

According to FTC by-laws, the cooperative is to use the money for 15 years for research and development of new services and to keep abreast of new technology. By having this 15-year "rotation" period, money is invested back into services for the customer. But if a member chooses to receive his money sooner, he will receive a discounted amount – similar to cashing in a savings bond before

the maturity date.

Capital Credits refunds represent yet another advantage of being a member of the FTC family!



### WINTER 2008

#### IN THIS ISSUE

##### Capital Credits Update

! Checks mailed to members.  
! page 1

##### Gone Phishing

! Learn how to protect your identity.  
! page 2

##### DSI News

! Services are expanding.  
! page 2

##### Turn Your Wireless Into A "Pay Phone"

! Earn extra money.  
! page 2

##### Pie Contest Winner Named

! Not so easy to judge.  
! page 3

##### FTC Gets National Attention

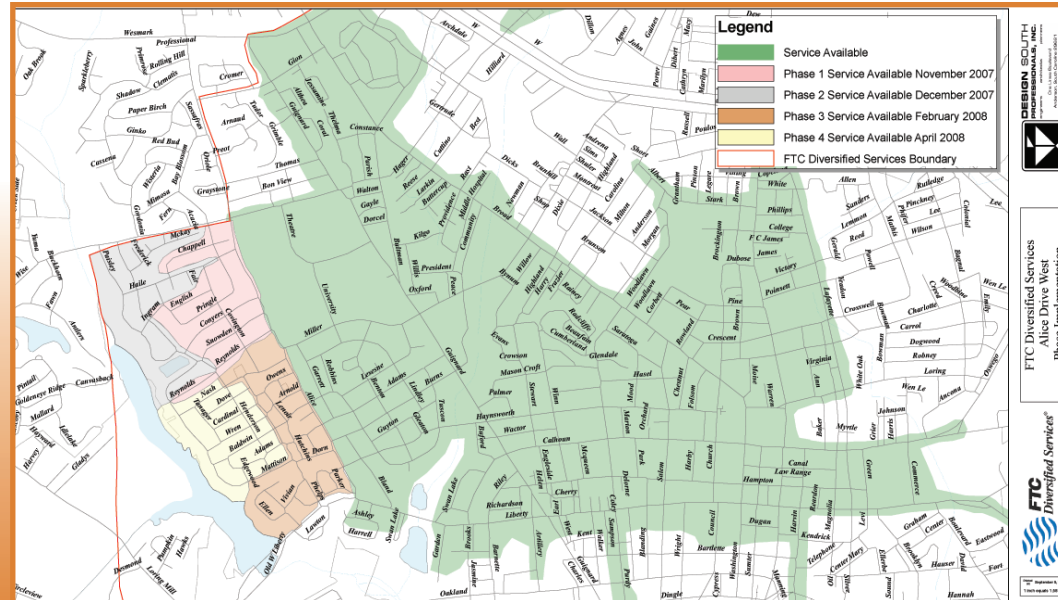
! WalkAmerica a success.  
! page 4



## SOME MORE GOOD DSI NEWS FOR SUMTER

This map shows where FTC Diversified Services is working to provide services to the Alice Drive West area of Sumter. FTC Diversified Services is also placing cable in Manning in the Country Club area off of

Bloomville Road. For more information on what this means for you and the money you can save with these great DSI offerings, call FTC today.



## INTERNET

### IS SOMEONE "PHISHING" FOR YOUR IDENTITY?

In computing, **phishing** is an attempt to criminally and fraudulently acquire sensitive information, such as usernames, passwords and credit card details, by masquerading as a trustworthy entity in an electronic communication.

This past October, a number of subscribers received a phishing email which appeared to originate from FTC. The message informed them of a scheduled routine maintenance and asked for specific customer information. FTC responded with a letter to our subscribers warning them of the dangers of providing sensitive informa-

tion and an assurance that FTC does not send emails asking for personal information.

The bottom line is no legitimate company will ask you to provide personal information to them in this manner. So be cautious of emails containing misspelled words, incomplete sentences or grammatical errors. Don't give your personal info to anyone unless you know and trust them and have initiated contact yourself by telephone or an email address you know to be valid. If you have any questions, do not hesitate to contact one of your FTC representatives directly by phone at 1-888-218-5050.



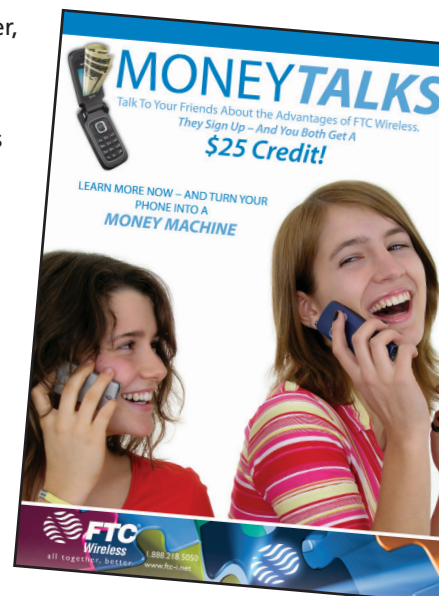
## FTC WIRELESS

### A "FRIENDLY" WAY TO MAKE SOME EXTRA MONEY

If you are an **FTC Wireless** customer, then you already know all the advantages of our services. Money saving plans, great accessories plus the association with AT&T, Your World Delivered!

**Well if you refer these great advantages to a friend, and they sign up – you AND that friend will get \$25!**

So tell your friends, family, work associates – and start earning some easy cash. Get all the details by calling FTC AT 1-888-218-5050. And make **"friends"** with some fast cash.



### A Message from Brad Erwin

When we invest in the research and development of new services – it keeps your FTC as cutting

edge as the biggest companies in America. That's truly rewarding, because it also means we can provide you, our FTC family, with a full range of telecommunication opportunities that are second to none.

The other rewarding aspect about being a part of this growing family, are the capital credits. Keeping prices low – and then giving back in the form of these Capital Credits is an advantage others outside our family do not enjoy.

Rewarding, too, are the many business solutions we offer. With technologies such as the Mitel Navigator (featured in this issue), we can provide our business community the tools to boost their

bottom line. For more information on these and other great ways to make your life more fulfilling, convenient and better for the community, contact any of our representatives here at FTC. We are always here to make your world, **all together, better** – in every way possible. Thanks and have a very safe 2008!



## FTC FAMILY

### EASY AS PIE CONTEST

#### Not So Easy To Judge!

Imagine being the judge of this contest. Very tough to do because you all sent so many delicious recipes. But after much deliberation, our panel of "taste experts" finally made a decision. And because there were so many great choices, we also have some runner up winners.

**First Place: Fresh Peach Pie**  
Mrs. Florence Byrdic of Kingstree

The pie is delicious, easy to make and features refreshing southern peaches.

- 2 Cups fresh peaches, peeled and pureed or mashed with a fork
- 1 can condensed milk
- 2 (3 oz) peach Jello
- 1 tsp lemon juice
- 1 (8 oz) Cool Whip
- 2 graham cracker crusts

Mix all ingredients...Add Cool Whip last and gently mix it in.

Put into two crusts.

Chill several hours before serving, or freeze if too soft.

**Second Place: Summer Fruit Pie**  
Donna Faucette of Manning

**Third Place: Orange Sherbet Pie**  
Ellen Taylor of Manning

Thanks to all of our customers for the delightful recipes.



## TAX TIP

### ARE YOU MISSING A TAX BREAK?

**IRS, co-ops team up to remind members of Earned Income Tax Credit**

Last year, more than 20 million individuals received the Earned Income Tax Credit (EITC), lifting five million out of poverty and returning \$36 billion in income to low-wage workers. A study by the Brookings Institution reports that EITC returns for the 2005 tax year raised incomes by \$12,799,909 in Williamsburg county, \$35,605,496 in Florence county, \$29,586,284 in Sumter county, \$10,303,978 in Clarendon county, and \$6,246,789 in Lee county.

Despite the significant benefits it provides, two factors hamper the effectiveness of the Earned Income Tax Credit. First, the IRS estimates that four million eligible individuals annually fail to file for the tax credit. Second, millions of taxpayers claim the credit, only to lose a significant portion in tax preparation fees and costly refund anticipation loans. EITC refunds can be in the hands of taxpayers in 7 to 10 days for those who electronically file their returns.

**To claim the EITC, taxpayers must meet the following rules:**

- Must have earned income
- Must have a valid Social Security number
- Investment income is limited to \$2,900
- Filing status can't be "married filing separately"
- Generally must be a U.S. citizen or resident alien all year
- Cannot be a qualifying child of another person
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)

**You need to have worked and have earned income less than:**

- \$12,590 (\$14,590 if married filing jointly) if there is no qualifying child
- \$33,241 (\$35,241 if married filing jointly) if there is one qualifying child
- \$37,783 (\$39,783 if married filing jointly) if there is more than one qualifying child

**Qualifying child criteria:**

- The child must meet the relationship, age and residency tests. For more information on the Earned Income Tax Credit and electronic filing, visit [www.irs.gov/eitc](http://www.irs.gov/eitc) or call 1-800-TAX-1040. IRS Publication 962 also includes information about the credit.

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-6**

**Cited Portions of FTC's 2003 Telecommunications Company Annual Report**

pssc 2/2001

## ANNUAL REPORT

Name FARMERS TELEPHONE COOPERATIVE, INC.

Address P. O. BOX 588, KINGSTREE, SC 29556

Telephone Number (843) 382-2333

## TELEPHONE UTILITY

TO

PUBLIC SERVICE COMMISSION OF SC

FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2003

or Fiscal Year Ending \_\_\_\_\_

Due on April 1st

For Fiscal Year Ending other than December 31, Report is due within 3 months after

Fiscal Year Ending.

May use additional blank pages if needed

All entries should be in ink or typewriter

**Schedule #2-Operating Revenue & Expenses**

**Year Ending December 31, 2003 or Fiscal Year Ending**

<b>Operating Revenues:</b>		<b>Combined</b>	<b>Intrastate Gross Receipts</b>
Local Network Services Revenue	5001-5069	26,430,088	
Network Access Service Revenues	5080	28,610,160	
Long Distance Revenues	5100-5169	1,477,781	
Miscellaneous Revenues	5230-5270	4,001,981	
Uncollectible Revenues	5301-5302	(375,611)	
Total Revenues		60,144,400	
<b>Operating Expenses:</b>			
Plant Specific Expenses	6112-6410	9,652,215	
Plant Nonspecific Expenses	6560	22,916,973	
Customer Operations Expenses	6620	6,254,921	
Corporate Operations Expenses	6711-6790	10,551,092	
Operating Taxes other than Income	7240	108,824	
Operating Investment Tax Credits-Net	7210		
Operating Taxes-Income-Current-Federal	7220	82,237	
Operating Taxes-Income-Current-State	7230	9,546	
Operating Taxes-Deferred Income-Net	7250		
Total Operations Expenses		49,575,808	
Net Income from Operations		10,568,593	
Interest Income	7320	1,024,481	
Nonoperating Income and Expenses	7310-7450	362,311	
Fixed Charges-(Other Than Interest on Debt)		249,314	
Interest Expense on Funded Debt	7510	4,144,024	
Non-regulated Net Income	7610-7991	833,876	
Net Income		8,395,923	

Schedule #3-Balance Sheet  
Company: FARMERS TELEPHONE COOPERATIVE, INC.  
Date of Balance Sheet: 12-31-03

Assets:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<b>Telecommunications Plant</b>	
225,538,829	Telephone Plant in Service	237,716,340
	Property Held for Future Use	
13,709,568	Telecommunications Plant under Construction	22,118,345
	Telecommunications Plant Adjustment	
	Non-Operating Plant	
	Goodwill	
239,248,397	Total Plant	259,834,685
122,625,234	Depreciation Reserve-Plant	135,459,114
	Depreciation Reserve-Other	
122,625,234	Total Depreciation Reserve	135,459,114
116,623,163	Net Telecommunications Plant	124,375,571
	<b>Non-Current Assets</b>	
11,622,325	Investments in Affiliated Companies	11,622,325
1,615,382	Investment in Non-Affiliated Companies	1,214,549
4,582,522	Non-Regulated Investments	3,899,402
	Other Non-Current Assets	
17,820,229	Total Non-Current Assets	16,736,276
	<b>Current Assets</b>	
4,794,912	Cash	4,618,544
19,099,110	Temporary Investments	40,571,859
4,641,322	Telecommunications Accounts Receivables	3,392,860
1,079,977	Allowance for Bad Debts	1,081,396

**Schedule #3-Balance Sheet-Continued**

**Assets-Continued:**

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<b><u>Current Assets-Continued</u></b>	
8,964,485	Interest, Dividends & Other Accounts Receivable	7,014,476
502,720	Notes Receivable-Net	728,774
1,998,585	Materials & Supplies Inventory	2,293,160
38,921,157	Total Current Assets	57,538,277
	<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>	
575,224	Prepays	781,652
3,570,647	Deferred Charges	2,785,486
4,145,871	Total Prepaid Accounts & Deferred Charges	3,567,138
177,510,420	Total Assets	202,217,262
	<b><u>Stockholders Equity</u></b>	
758,775	Capital Stock	751,802
	Additional Paid in Capital	
	Treasury Stock	
1,582,266	Other Capital	2,475,881
79,223,000	Retained Earnings	84,406,960
81,564,041	Total Stockholders Equity	87,634,643
	<b><u>Long Term Debt</u></b>	
79,256,357	Funded Debt	96,565,079
	Reacquired Debt	
	Obligations Under Capital Leases	
	Advances from Affiliated Companies	
	Other Long Term Debt	



**Schedule #3-Balance Sheet-Continued**

**Equity and Liabilities-Continued:**

<u>Balance at Beginning of</u> <u>Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
79,256,357	Total Long Term Debt	96,565,079
	<b>Current and Accrued Liabilities</b>	
11,253,994	Accounts Payable	10,839,033
	Notes Payable	
	Advance Billings and Payments	
233,535	Customer Deposits	288,740
	Current Maturities-Long Term Debt	
	Current Maturities-Capital Leases	
	Income Taxes Accrued	
123,741	Other Accrued Taxes	282,990
998,563	Other Accrued Liabilities	1,525,304
	Other Current Liabilities	
12,609,833	Total Current and Accrued Liabilities	12,936,067
	<b>Other Liabilities and Deferred Credits</b>	
3,598,363	Other Long Term Liabilities	4,518,611
	Premium on Long Term Debt	
	Unamortized Operating Investment Tax Credits-Net	
	Unamortized Nonoperating Investment Tax Credits-Net	
481,826	Other Deferred Credits	562,862
	Net Current Deferred Operating Income Taxes	
	Net Current Deferred Nonoperating Income Taxes	
	Net Noncurrent Deferred Operating Income Taxes	
	Net Noncurrent Deferred Nonoperating Income Taxes	
	Other Jurisdictional Liabilities and Deferred Credits	

**Schedule #3-Balance Sheet-Continued**

**Equity and Liabilities-Continued:**

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
4,080,189	Total Other Liabilities and Deferred Credits	5,081,473
	Total Liabilities and Other Credits	
177,510,420	Total Stockholders Equity and Liabilities	202,217,262

**Schedule #4-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		79,223,000
<b>Miscellaneous Debits to Retained Earnings</b>	7,678,125	
<b>Miscellaneous Credits to Retained Earnings</b>		4,466,162
<b>Net Income or Loss From Operations</b>		8,395,923
<b>Retained Earnings-End of Year</b>		84,406,960
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>		
<b>Other</b>		18,580,003
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		65,826,956
<b>Retained Earnings-Total End of Year</b>		84,406,960

**Schedule #8-Access Lines**

**Exchange  
Central Office  
Business**

One-Party Basic

Two-Party Basic

Four-Party Basic

Measured Service - WATS

Message

Public Coin - PS 2

Public Coinless - PS 3

Cocot - SPS

PBV - CTB

Centrex

FX - FXO

Feature Group A  
- KY1 - KEY SYSTEM

Other IXC Access

Total All Other

Total Business

**Residence**

One-Party Basic

Two-Party Basic

IRV - Party Basic

Measured Service

Total All Other

Total Residence

Total Access Lines

Total Number of Customers

	TOTALS	
	4973	
	9	
	107	
	20	
	256	
	338	
	252	
	12	
	1474	
	7441	
	50761	
	41	
	50802	
	58243	
	58760	

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-7**

**Cited Portions of FTC's 2004 Telecommunications Company Annual Report**

Schedule #1

Annual Report to the Public Service Commission of SC

History of the Company

Name of Company FARMERS TELEPHONE COOPERATIVE, INC.

Name of Exchange or Exchanges Covered by the Report 17

Date of Organization 1952

Type of Company (Corporation, Etc.) COOPERATIVE

Location of Principal Office 1101 EAST MAIN STREET, KINGSTREE, SC 29556

Name, Address and Telephone Number of Individual in Charge of Records \_\_\_\_\_

J. L. McDANIEL, PO BOX 588, KINGSTREE, SC 29556

Officers of the Company:

President NEWELL A. MYERS

Vice-President ROGER L. FLOWERS

Secretary WILLIAM J. BREWER

Treasurer KENNETH W. LEE

**Schedule #2-Operating Revenue & Expenses**

**Year Ending December 31, 2004 or Fiscal Year Ending**

<b>Operating Revenues:</b>		<b>Combined</b>	<b>Intrastate Gross Receipts</b>
Local Network Services Revenue	5001-5069	26,547,887	
Network Access Service Revenues	5080		
Long Distance Revenues	5100-5169		
Miscellaneous Revenues	5230-5270		
Uncollectible Revenues	5301-5302	(163,603)	
<b>Total Revenues</b>		<b>61,681,812</b>	
<b>Operating Expenses:</b>			
Plant Specific Expenses	6112-6410	10,289,902	
Plant Nonspecific Expenses	6560		
Customer Operations Expenses	6620	6,355,006	
Corporate Operations Expenses	6711-6790	9,643,883	
Operating Taxes other than Income	7240	128,989	
Operating Investment Tax Credits-Net	7210		
Operating Taxes-Income-Current-Federal	7220		
Operating Taxes-Income-Current-State	7230		
Operating Taxes-Deferred Income-Net	7250		
<b>Total Operations Expenses</b>		<b>51,371,533</b>	
<b>Net Income from Operations</b>		<b>10,310,278</b>	
Interest Income	7320		
Nonoperating Income and Expenses	7310-7450		
Fixed Charges-(Other Than Interest on Debt)			
Interest Expense on Funded Debt	7510		
<b>Non-regulated Net Income</b>	<b>7610-7991</b>	<b>1,055,200</b>	
<b>Net Income</b>		<b>8,842,182</b>	

Schedule #3-Balance Sheet  
 Company: FARMERS TELEPHONE COOPERATIVE, INC.  
 Date of Balance Sheet: 12-31-04

Assets:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Telecommunications Plant</u>	
237,716,340	Telephone Plant in Service	267,367,893
	Property Held for Future Use	
22,118,345	Telecommunications Plant under Construction	14,406,356
	Telecommunications Plant Adjustment	
	Non-Operating Plant	
	Goodwill	
259,834,685	Total Plant	281,774,249
135,459,114	Depreciation Reserve-Plant	149,074,806
	Depreciation Reserve-Other	
135,459,114	Total Depreciation Reserve	149,074,806
124,375,571	Net Telecommunications Plant	132,699,443
	<u>Non-Current Assets</u>	
11,622,325	Investments in Affiliated Companies	11,622,325
1,214,549	Investment in Non-Affiliated Companies	1,214,549
3,899,402	Non-Regulated Investments	3,532,370
	Other Non-Current Assets	
16,736,276	Total Non-Current Assets	16,369,244
	<u>Current Assets</u>	
4,618,544	Cash	1,496,733
40,571,859	Temporary Investments	34,379,578
3,392,860	Telecommunications Accounts Receivables	3,551,702
1,081,396	Allowance for Bad Debts	997,034



## Schedule #3-Balance Sheet-Continued

## Assets-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Current Assets-Continued</u>	
7,014,476	Interest, Dividends & Other Accounts Receivable	7,441,597
728,774	Notes Receivable-Net	649,481
2,293,160	Materials & Supplies Inventory	2,397,432
57,538,277	Total Current Assets	48,919,489
	<u>Prepaid Accounts &amp; Deferred Charges</u>	
781,562	Prepays	731,524
2,785,486	Deferred Charges	3,178,990
3,567,138	Total Prepaid Accounts & Deferred Charges	3,910,514
202,217,262	Total Assets	201,898,690
	<u>Stockholders Equity</u>	
751,802	Capital Stock	741,710
	Additional Paid in Capital	
	Treasury Stock	
2,475,881	Other Capital	2,910,550
84,406,960	Retained Earnings	90,582,328
87,634,643	Total Stockholders Equity	94,234,588
	<u>Long Term Debt</u>	
96,565,079	Funded Debt	95,661,847
	Reacquired Debt	
	Obligations Under Capital Leases	
	Advances from Affiliated Companies	
	Other Long Term Debt	

## Schedule #3-Balance Sheet-Continued

## Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
96,565,079	Total Long Term Debt	95,661,847
	<u>Current and Accrued Liabilities</u>	
10,839,033	Accounts Payable	6,348,215
	Notes Payable	
	Advance Billings and Payments	
288,740	Customer Deposits	320,321
	Current Maturities-Long Term Debt	
	Current Maturities-Capital Leases	
	Income Taxes Accrued	
282,990	Other Accrued Taxes	329,330
1,525,304	Other Accrued Liabilities	2,306,668
	Other Current Liabilities	
12,936,067	Total Current and Accrued Liabilities	9,304,534
	<u>Other Liabilities and Deferred Credits</u>	
4,518,611	Other Long Term Liabilities	2,138,193
	Premium on Long Term Debt	
	Unamortized Operating Investment Tax Credits-Net	
	Unamortized Nonoperating Investment Tax Credits-Net	
562,862	Other Deferred Credits	559,528
	Net Current Deferred Operating Income Taxes	
	Net Current Deferred Nonoperating Income Taxes	
	Net Noncurrent Deferred Operating Income Taxes	
	Net Noncurrent Deferred Nonoperating Income Taxes	
	Other Jurisdictional Liabilities and Deferred Credits	

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
5,081,473	Total Other Liabilities and Deferred Credits	2,697,721
	Total Liabilities and Other Credits	
202,217,262	Total Stockholders Equity and Liabilities	201,898,690

**Schedule #4-Retained Earnings**

<u>Description</u>	<u>Debits</u>	<u>Credits</u>
Retained Earnings Account		
Retained Earnings-Beginning of Year		84,406,960
Miscellaneous Debits to Retained Earnings	5,438,312	
Miscellaneous Credits to Retained Earnings		2,771,498
Net Income or Loss From Operations		8,842,182
Retained Earnings-End of Year		90,582,328
Appropriated Retained Earnings:		
Dividends Declared		
Other		20,842,352
Unappropriated Retained Earnings:		
Jurisdictional Retained Earnings		
Other		69,739,976
Retained Earnings-Total End of Year		90,582,328

## Schedule #8-Access Lines

Exchange  
Central Office  
Business

One-Party Basic  
 One BV  
 Four-Party Basic  
 Measured Service - WATS  
 Message  
 Public Coin -PS2  
 Public Coinless -PS3  
 Cocot -SPS  
 PBV -CTB  
 Centrex  
 FX - FXO  
 KY1 - KEY SYS  
 Other IXC Access  
 Total All Other  
 Total Business  
Residence  
 One-Party Basic  
 Two-Party Basic  
 Four-Party Basic  
 Measured Service  
 Total All Other  
 Total Residence  
 Total Access Lines  
 Total Number of Customers

TOTALS	
4940	
3	
8	
101	
20	
234	
300	
245	
10	
1441	
7302	
49765	
38	
49803	
57105	
57708	

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-8**

**Cited Portions of FTC's 2005 Telecommunications Company Annual Report**

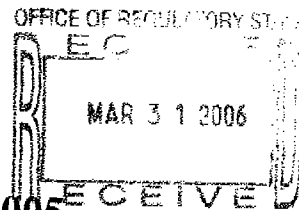
# TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

## FARMERS TELEPHONE COOPERATIVE, INC

Exact Legal Name of Respondent

\_\_\_\_\_  
PSC/ORS Number (leave blank)

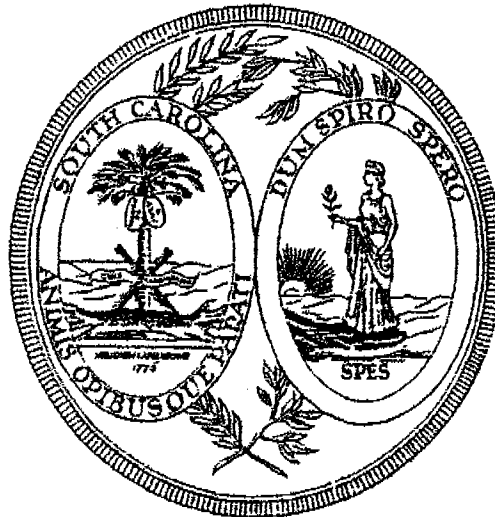


FOR THE YEAR ENDED 2005

☒ [XX] Calendar Year Ending December 31, 2005

or

☐ [ ] Fiscal Year Ending \_\_\_\_\_



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1-Operating Revenue & Expenses**

Year Ending December 31, 2005

<u>Operating Revenues:</u>	<u>Uniform System of Accounts</u>	<u>G/L Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues	5001-5069		27,006,187	
Network Access Service Revenues	5080		33,315,706	
Long Distance Revenues	5100-5169		2,087,125	
Miscellaneous Revenues	5230-5270		4,072,062	
Uncollectible Revenues	5301-5302		(133,356)	
Total Revenues			66,347,724	
<u>Operating Expenses:</u>				
Plant Specific Expenses	6112-6410		11,621,700	
Plant Nonspecific Expenses	6560		26,074,207	
Customer Operations Expenses	6620		7,344,405	
Corporate Operations Expenses	6711-6790		10,473,337	
Operating Taxes other than Income	7240		162,959	
Operating Investment Tax Credits-Net	7210			
Operating Taxes-Income-Current-Federal	7220		96,283	
Operating Taxes-Income-Current-State	7230		14,750	
Operating Taxes-Deferred Income-Net	7250			
Total Operations Expenses			55,787,641	
Net Income from Operations			10,560,083	
Interest Income	7320		1,701,198	
Nonoperating Income and Expenses	7310-7450		142,445	
Fixed Charges-(Other Than Interest on Debt)			160,082	
Interest Expense on Funded Debt	7510		4,298,408	
Non-regulated Net Income	7610-7991		(129,711)	
Extraordinary Items				
Net Income			7,815,525	



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2005

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b>Current Assets</b>		
Cash		2,233,286
Temporary Investments		34,952,205
Telecommunications Accounts Receivables		2,545,257
Allowance for Bad Debts		(1,010,090)
Interest, Dividends & Other Accounts Receivable		8,167,876
Notes Receivable-Net		564,457
Materials & Supplies Inventory		2,741,616
Other Current Assets		
<b>Total Current Assets</b>		<b>50,194,607</b>
<b>Prepaid Accounts &amp; Deferred Charges</b>		
Prepays		807,453
Deferred Charges		3,154,568
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>3,962,021</b>
<b>Non-Current Assets</b>		
Investments in Affiliated Companies		11,622,325
Investment in Non-Affiliated Companies		964,549
Non-Regulated Investments		2,997,886
Other Non-Current Assets		
<b>Total Non-Current Assets</b>		<b>15,584,760</b>
<b>Telecommunications Plant</b>		
Telephone Plant in Service		280,777,504
Property Held for Future Use		
Telecommunications Plant under Construction		17,362,094
Telecommunications Plant Adjustment		

**Schedule #2- Balance Sheet-Continued**

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Telecommunications Plant-Continued</u></b>		
Non-Operating Plant		
Goodwill		
Total Plant		298,139,598
Depreciation Reserve-Plant		(159,500,282)
Depreciation Reserve-Other		
Total Depreciation Reserve		
Net Telecommunications Plant		138,639,316
Total Assets		209,390,793
<b><u>Current and Accrued Liabilities</u></b>		
Accounts Payable		9,581,679
Notes Payable-Affiliated		
Advance Billings and Payments		
Customer Deposits		427,249
Current Maturities-Long Term Debt		
Current Maturities-Capital Leases		
Income Taxes Accrued		
Other Accrued Taxes		507,944
Other Accrued Liabilities		4,698,820
Other Current Liabilities		
Total Current and Accrued Liabilities		15,215,692
<b><u>Other Liabilities and Deferred Credits</u></b>		
Other Long Term Liabilities		1,240,992
Premium on Long Term Debt		
Unamortized Operating Investment Tax Credits-Net		

**Schedule #2- Balance Sheet-Continued**

<b>Description</b>	<b>G/L Accounts</b>	<b>Balance at Close of Year</b>
<b>Telecommunications Plant-Continued</b>		
Non-Operating Plant		
Goodwill		
Total Plant		298,139,598
Depreciation Reserve-Plant		(159,500,282)
Depreciation Reserve-Other		
Total Depreciation Reserve		
Net Telecommunications Plant		138,639,316
Total Assets		209,390,793
<b>Current and Accrued Liabilities</b>		
Accounts Payable		9,581,679
Notes Payable-Affiliated		
Advance Billings and Payments		
Customer Deposits		427,249
Current Maturities-Long Term Debt		
Current Maturities-Capital Leases		
Income Taxes Accrued		
Other Accrued Taxes		507,944
Other Accrued Liabilities		4,698,820
Other Current Liabilities		
Total Current and Accrued Liabilities		15,215,692
<b>Other Liabilities and Deferred Credits</b>		
Other Long Term Liabilities		1,240,992
Premium on Long Term Debt		
Unamortized Operating Investment Tax Credits-Net		

## Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
<b>Other Liabilities and Deferred Credits-Continued</b>		
Unamortized Nonoperating Investment Tax Credits-Net		
Other Deferred Credits		629,608
Net Current Deferred Operating Income Taxes		
Net Current Deferred Nonoperating Income Taxes		
Net Noncurrent Deferred Operating Income Taxes		
Net Noncurrent Deferred Nonoperating Income Taxes		
Other Jurisdictional Liabilities and Deferred Credits		
Total Other Liabilities and Other Credits		1,870,600
<b>Long Term Debt</b>		
Funded Debt		92,791,661
Reacquired Debt		
Obligations Under Capital Leases		
Advances from Affiliated Companies		
Other Long Term Debt		
Total Long Term Debt		92,791,661
Total Liabilities		109,877,953
<b>Stockholders Equity</b>		
Capital Stock		723,465
Additional Paid in Capital		
Treasury Stock		
Other Capital		3,689,529
Retained Earnings		95,099,846
Total Stockholders Equity		99,512,840
Total Stockholders Equity and Liabilities		209,390,793

**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>90,582,328</b>
<b>Miscellaneous Debits to Retained Earnings</b>	<b>6,452,605</b>	
<b>Miscellaneous Credits to Retained Earnings</b>		<b>3,154,598</b>
<b>Net Income or Loss From Operations</b>		<b>7,815,525</b>
<b>Retained Earnings-End of Year</b>		<b>95,099,846</b>
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>		
<b>Other</b>		<b>29,421,001</b>
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		<b>65,678,845</b>
<b>Retained Earnings-Total End of Year</b>		<b>95,099,846</b>

**Schedule #7-Access Lines**

<b>Total Business</b>	<u>7,155</u>
<b>Total Residence</b>	<u>48,325</u>
<b>Total Access Lines</b>	<u>55,480</u>
<b>Total Number of Customers</b>	<u>53,740</u>
<b>Total Wholesale Customers</b>	<u>Not Applicable</u>
<b>Total Wholesale DSL Customers</b>	<u>Not Applicable</u>

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Farmers Telephone Cooperative, Inc. and for	)
Alternative Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-9**

**Cited Portions of FTC's 2006 Telecommunications Company Annual Report**

# TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

**FARMERS TELEPHONE COOPERATIVE, INC.**

Exact Legal Name of Respondent

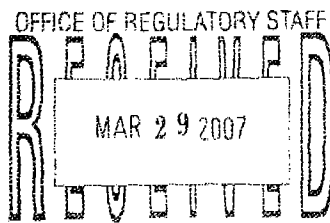
PSC/ORS Number (leave blank)

**FOR THE YEAR ENDED 2006**

☒ Calendar Year Ending December 31, 2006

or

☐ Fiscal Year Ending \_\_\_\_\_





**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1-Operating Revenue & Expenses**

Year Ending December 31, 2006

<u>Operating Revenues:</u>	<u>Uniform System of Accounts</u>	<u>G/L Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues	5001-5069		28,013,661	
Network Access Service Revenues	5080		36,234,280	
Long Distance Revenues	5100-5169		2,035,888	
Miscellaneous Revenues	5230-5270		4,146,637	
Uncollectible Revenues	5301-5302		(319,865.00)	
<b>Total Revenues</b>			<b>70,110,602</b>	
<u>Operating Expenses:</u>				
Plant Specific Expenses	6112-6410		11,090,159	
Plant Nonspecific Expenses	6560		27,096,380	
Customer Operations Expenses	6620		7,572,163	
Corporate Operations Expenses	6711-6790		13,402,650	
Operating Taxes other than Income	7240		157,185	
Operating Investment Tax Credits-Net	7210			
Operating Taxes-Income-Current-Federal	7220		905,000	
Operating Taxes-Income-Current-State	7230		112,422	
Operating Taxes-Deferred Income-Net	7250			
<b>Total Operations Expenses</b>			<b>60,335,959</b>	
<b>Net Income from Operations</b>			<b>9,774,643</b>	
Interest Income	7320		2,706,467	
Nonoperating Income and Expenses	7310-7450		23,638,364	
Fixed Charges-(Other Than Interest on Debt)			415,954	
Interest Expense on Funded Debt	7510		4,735,023	
<b>Non-regulated Net Income</b>	<b>7610-7991</b>		<b>(571,651.00)</b>	
Extraordinary Items				
<b>Net Income</b>			<b>30,396,846</b>	

**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
Schedule #2- Balance Sheet

Date of Balance Sheet: December 31, 2006

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Current Assets</u></b>		
Cash		2,455,748
Temporary Investments		56,787,446
Telecommunications Accounts Receivables		4,108,563
Allowance for Bad Debts		(1,093,559)
Interest, Dividends & Other Accounts Receivable		10,227,817
Notes Receivable-Net		473,287
Materials & Supplies Inventory		3,023,282
Other Current Assets		
<b>Total Current Assets</b>		<b>75,982,584</b>
<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>		
Prepays		856,144
Deferred Charges		3,343,742
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>4,199,886</b>
<b><u>Non-Current Assets</u></b>		
Investments in Affiliated Companies		11,622,325
Investment in Non-Affiliated Companies		284,049
Non-Regulated Investments		2,790,052
Other Non-Current Assets		915,456
<b>Total Non-Current Assets</b>		<b>15,611,882</b>
<b><u>Telecommunications Plant</u></b>		
Telephone Plant in Service		299,705,644
Property Held for Future Use		
Telecommunications Plant under Construction		20,812,088
Telecommunications Plant Adjustment		

## Schedule #2- Balance Sheet-Continued

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Telecommunications Plant-Continued</u></b>		
Non-Operating Plant		
Goodwill		
Total Plant		302,517,732
Depreciation Reserve-Plant		(173,618,018)
Depreciation Reserve-Other		
Total Depreciation Reserve		(173,618,018)
Net Telecommunications Plant		146,899,714
Total Assets		242,694,066
<b><u>Current and Accrued Liabilities</u></b>		
Accounts Payable		9,054,855
Notes Payable-Affiliated		
Advance Billings and Payments		
Customer Deposits		507,274
Current Maturities-Long Term Debt		
Current Maturities-Capital Leases		
Income Taxes Accrued		
Other Accrued Taxes		461,127
Other Accrued Liabilities		
Other Current Liabilities		4,155,472
Total Current and Accrued Liabilities		14,178,728
<b><u>Other Liabilities and Deferred Credits</u></b>		
Other Long Term Liabilities		3,643,445
Premium on Long Term Debt		
Unamortized Operating Investment Tax Credits-Net		

**Schedule #2- Balance Sheet-Continued**

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Other Liabilities and Deferred Credits-Continued</u></b>		
Unamortized Nonoperating Investment Tax Credits-Net		
Other Deferred Credits		509,715
Net Current Deferred Operating Income Taxes		
Net Current Deferred Nonoperating Income Taxes		
Net Noncurrent Deferred Operating Income Taxes		
Net Noncurrent Deferred Nonoperating Income Taxes		
Other Jurisdictional Liabilities and Deferred Credits		
Total Other Liabilities and Other Credits		4,153,160
<b><u>Long Term Debt</u></b>		
Funded Debt		93,647,809
Reacquired Debt		
Obligations Under Capital Leases		
Advances from Affiliated Companies		
Other Long Term Debt		
Total Long Term Debt		93,647,809
Total Liabilities		111,979,697
<b><u>Stockholders Equity</u></b>		
Capital Stock		703,995
Additional Paid in Capital		
Treasury Stock		
Other Capital		4,341,793
Retained Earnings		125,668,581
Total Stockholders Equity		130,714,369
Total Stockholders Equity and Liabilities		242,694,066

**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>95,099,846</b>
<b>Miscellaneous Debits to Retained Earnings</b>	<b>5,729,657</b>	
<b>Miscellaneous Credits to Retained Earnings</b>		<b>5,901,546</b>
<b>Net Income or Loss From Operations</b>		<b>30,396,846</b>
<b>Retained Earnings-End of Year</b>		<b>125,668,581</b>
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Decleared</b>		
<b>Other</b>		<b>51,507,836</b>
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		<b>71,853,932</b>
<b>Retained Earnings-Total End of Year</b>		<b>125,668,581</b>

**Schedule #7-Access Lines**

<b>Total Business</b>	<u>7,115</u>
<b>Total Residence</b>	<u>46,701</u>
<b>Total Access Lines</b>	<u>53,816</u>
<b>Total Number of Customers</b>	<u>52,139</u>
<b>Total Wholesale Customers</b>	<u>          </u>
<b>Total Wholesale DSL Customers</b>	<u>          </u>